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FM AMCONSUL CHENNAI  
TO RUEHC/SECSTATE WASHDC PRIORITY 1552  
INFO RUEHCG/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUEHKL/AMEMBASSY KUALA LUMPUR 0190  
RUEHGP/AMEMBASSY SINGAPORE 2008  
RUEHXQ/ALL EUROPEAN UNION POST COLLECTIVE  
RUEBBEA/DEPT OF TRANS WASHDC  
RHMCSUU/FAA NATIONAL HQ WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

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SUBJECT: NEW HYDERABAD AIRPORT STILL IN HOLDING PATTERN

REF: A) NEW DELHI 756, B) CHENNAI 99

¶1. (U) Sonia Gandhi, chair of the United Progressive Alliance (UPA), formally inaugurated the new Rajiv Gandhi International Airport (RGI) in Hyderabad on March 14, 2008, with much fanfare. The inauguration heralded the planned opening of the facility on March 16 (ref B). Almost immediately after the inaugural festivities, however, the Ministry of Civil Aviation announced that the airport would not, in fact, open on March 16. It did not announce a new target opening date.

¶2. (SBU) A senior official from GMR, the private company holding the largest stake in the project, told us that RGI's facilities were ready, but said that some of the low-cost airlines planning to operate from RGI had sought more time to shift equipment from the existing airport to the new one. He said that civil aviation authorities will allow the airport to start operations "in a few days." A senior state government official essentially confirmed GMR's explanation, but added that the low-cost airlines have complaints about fees. He said that these airlines handled their ground-handling operations themselves at the old airport, but that they will need to contract with one of the two companies (Menzies Bobba and an Air India/Singapore Airlines joint venture) permitted to handle ground logistics at RGI. He explained that they feared this change would adversely affect their business model.

¶3. (SBU) Comment: Such a high-profile failure must be a significant embarrassment for those involved in the new airport. The delay in RGI's opening looks at present unlikely to be long enough to correct what most see as the facility's greatest handicap, namely that the roads connecting it to the city are not complete. Thus, the delay is a double-whammy, preventing the public-private partnership from being able to declare that it opened on-time, while ensuring that when it does open, there will likely be numerous complaints about the road conditions travelers must endure to reach the airport.

HOPPER